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INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L JERUSALEM 003595

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NEA/IPA FOR WILLIAMS/MAHER/WAECHTER; NSC FOR
ABRAMS/DORAN/WATERS; TREASURY FOR NUGENT/ADKINS

E.O. 12958: DECL: 08/14/2016
TAGS: ECON FIND CASC KWBG IS
SUBJECT: ISRAELI ARAB FLIGHT A BOON TO BETHLEHEM ECONOMY

Classified By: Acting Principal Officer Thomas Duffy, Reasons 1.4 (b) a
nd (d).

¶1. (SBU) Summary: The influx of as many as 1,500 Israeli Arabs fleeing Hizballah rockets provided a significant boost to Bethlehem's beleaguered economy. During the past month, hotel occupancy rates and sales at restaurants and food markets dramatically increased, thus more than offsetting the simultaneous drop in an already meager flow of foreign tourists, according to a prominent Bethlehem businessman. On August 14 Israeli Arabs began to depart for their homes in northern Israel. Local business leaders hope the town's new-found "safe-haven" status will prompt both the GOI and USG to reconsider restrictions and warnings on travel to Bethlehem. End Summary.

In a Twist, Regional Conflict
Buoys Bethlehem Businesses

¶12. (C) Bethlehem Chamber of Commerce and Industry Chairman Dr. Samir Hazboun told Econoff August 14 that the number of Israeli Arabs seeking refuge in the Bethlehem area in recent weeks had reached about 1,500, approximately 1,200 of whom were staying in local hotels. He emphasized that hotel owners, although suffering from years of low occupancy rates and, most recently, yet another round of tourist group cancellations, responded to the arrival of Israeli Arabs by lowering hotel rates, in some cases by as much as 50 percent.

¶13. (C) Noting that he had conducted several informal surveys of local restaurants, shops and hotels in recent weeks, Hazboun asserted that the presence of Israeli Arabs had "doubled" the amount of business conducted in Bethlehem. Fruit and vegetable markets and grocery stores experienced a 15 percent increase in sales. Several restaurants have met their seating capacity as often as three times a day in recent weeks, according to Hazboun. In addition, unlike with tourist groups, restaurants serving Israeli Arabs were not obliged to give bus drivers a 10 percent share and tour operators a 30-35 percent cut of the business. Hazboun, however, stated that handicraft vendors and tourist shops, patronized by now mostly absent foreign pilgrims, have experienced a downturn in sales.

Quiet Stay in a Peaceful Community

¶14. (C) Hazboun said that the business community, local government officials and the citizens of Bethlehem, as a

whole, had succeeded in creating a hospitable environment for their Israeli Arab guests. He asserted that, in the past month, 350-400 yellow-plated (Israeli) vehicles had entered Bethlehem without incident. There were no reports of thefts or other crimes involving Israeli Arabs. At the recommendation of local businesses, the Bethlehem governorate created a special emergency telephone number, but no serious problems have been reported. (Note: Hazboun advised that the special telephone number was established both to ensure a pleasant stay for the visitors from the north as well as to help deal with any potential criminal or social problems they might be bringing with them. End Note.) Hazboun advised that, based on a quick survey of hotels earlier on August 14, many Israeli Arabs had begun that morning to head back to their homes in northern Israel. Some of them, however, are being more cautious about the fate of the recent cease-fire and are electing to wait until the end of the week.

Looking For Help With Access and Tourism

¶5. (C) Hazboun stated that he and other business leaders believe that Bethlehem's successful role as a "safe-haven" during this period would serve as a good indicator for the future. He advised that he would be meeting with Israeli officials August 15 and hoped that they would agree to closer cooperation in facilitating travel to and from Bethlehem. He lamented the continuing Israeli closure on the travel of Palestinian workers and businessmen to Israel and worried that continued closures would negatively impact preparations for Ramadan in late September. He said that he hoped that the positive experience of Israeli Arabs would prompt the GOI and the USG to reconsider restrictions and warnings governing the travel of their respective citizens to Bethlehem.

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